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USDA FOR FAS OA/YOST, OCRA/ALEXANDER, OSTA/BRANT AND
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TAGS: [TBIO](#) [EAGR](#) [ECON](#) [HHS](#) [ETRD](#) [BEXP](#) [CH](#) [JA](#)
SUBJECT: AQSIQ AND STAFFDEL DISCUSS IMPROVEMENTS TO CHINA'S
EXPORT CERTIFICATION SYSTEM

REF: A. Beijing 5273
[1](#)B. Beijing 5899
[1](#)C. Beijing 3210
[1](#)D. Beijing 3174
[1](#)E. Beijing 3252

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[1](#)1. (SBU) This report is Sensitive But Unclassified, for official United States Government use only and not for release to the media.

[1](#)2. (SBU) SUMMARY: A Congressional Committee on Commerce and Energy Staff Delegation led by investigator David Nelson met China's food safety ministerial and regulatory authorities August 19-24 to evaluate China's export food safety system and examine ways to enhance the safety of food exports to the United States. AQSIQ officials explained in detail the structure of their "system within a system" for export certification and their comprehensive electronic management system, even discussing with Staffdel additional ways to strengthen China's export regime through a dual positive list/blacklist, an "exporter fast-track" system that would adjust testing frequency to past performance, the possibility of increasing inspection rates/audits, and having China-based U.S. inspectors. Still, AQSIQ officials were hard-pressed to recap in detail the cause of contaminated plant proteins and fishery product shipments to the United States earlier this year. In another meeting, American Chamber of Commerce member firms suggested the United States could benefit from a Japanese-style regime that restricted the number of

eligible exporters and provided for systems audits and supplemental testing by both governments. Staffdel members gave Chinese officials insight into the draft bill in development by the Committee modifying the current Food and Drug Act. END SUMMARY.

AQSIQ REPEATS TALKING POINTS -- AGAIN

13. (SBU) General Administration for Quality Supervision, Inspection, and Quarantine (AQSIQ) Vice Minister Wei Chuangzhong, Director General Wang Daning, and six other high-level AQSIQ food safety policy and regulatory officials met Congressional Committee on Commerce and Energy Staff Delegation led by investigator David Nelson to discuss the safety of food exports to the United States. Reiterating official talking points, Vice Minister Wei recited evidence of the effectiveness of China's export certification system and its superior performance compared to the U.S. system. He complained that international press attention on this matter was disproportionate to the impact of the issue and sometimes factually wrong. He further suggested, as other Chinese officials have in private meetings with embassies and in public fora, that some are using the press to promote a protectionist U.S. trade agenda. Wei also complained about specific cases of substandard or unsafe U.S. goods, noting that China has worked on technical and scientific levels to resolve the issues and keep them from the press. (Note: Contrary to Vice Minister Wei's assertion, China has released information about some of these cases to the press (Ref. A), including the names of specific U.S. firms. End Note.) Finally, Wei praised the AQSIQ food export certification system, suggested that previous problems were due to the lack of U.S. understanding of the system, and called on the United States to back AQSIQ's existing program. (Note:

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Chinese ministries have now closely coordinated talking points regarding the efficacy of AQSIQ's system and the quality rate of Chinese exports versus U.S. exports, points that are recited to media and U.S. government representatives. (Ref. B) End Note.)

FOOD EXPORT CERTIFICATION: A SYSTEM WITHIN A SYSTEM

14. (SBU) AQSIQ provided details of their overall food export certification system and its structure. Export certification is a "system within a system" that isolates exported food from the domestic food supply. The first stage of export certification actually begins at the farm, part of the "farm-to-fork" surveillance system, with the registration of the farm or production facility. In the case of farmed fish, the farmer or company that owns the pond or pen is required to gain AQSIQ export accreditation. This entity may only supply fish to a processor that is also accredited with AQSIQ. With an export certification, every step of the production and export process from primary production to product acceptance by the final exporting company must gain AQSIQ accreditation. Each part of this chain is supposed to know and adhere to Chinese standards or the importing country standards, whichever is stricter. The accreditation is done either by AQSIQ or the Certification and Accreditation Administration (CNCA), a subsidiary of AQSIQ. CNCA is responsible for the sanitary registration for those firms engaged in import and export of foods. CNCA also engages in the inspection, auditing and approval for food import and/or export firms, maintaining the register of approved firms and assuring that they meet foreign requirements as necessary.

CHINA HAS AN ADVANCED ELECTRONIC SYSTEM -- AND ROOM FOR IMPROVEMENT

15. (SBU) Beijing's local Entry and Exit Inspection and Quarantine Bureau (CIQ) officials explained in detail the process and types documents that accompany shipments in the final phase of AQSIQ certification. First, a local CIQ staff member inspects and tests in a CIQ lab every export shipment according to specific parameters of both China and the importing country. Second, paper documents attesting to the results are returned to the manufacturing or processing company. Third, the exporter prepares the entire export document portfolio for submission, in person, to the local CIQ. The portfolio includes the firm's registration, the lab results done on the product to be exported, veterinary or phytosanitary certificates, special quality certification, shipping documents, and customs forms. The CIQ export officer crosschecks the paper documents with an electronic database that contains the food exporter registration number and the lab test results. The Staffdel noted that AQSIQ's electronic certification and filing system (incorporating electronic record keeping, certificates, and export shipment traceability) is an example of an advanced system. The potential exists, staffdel leader Nelson said, for it to form the backbone of an electronic certification system that would allow U.S. inspectors easier, electronic validation, and verification of official Chinese documents and possibly limit opportunity to produce fraudulent or fake paper certificates.

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16. (SBU) AQSIQ officials claimed that the system could be used to prevent recurring food safety problems, noting that the system could be altered to provide electronic information to trading partners so they could independently verify documents. Officials also touted AQSIQ's "positive list," a selective list determined in cooperation with importing nations to limit the number of exporters. Japanese importers employ this type of list for chicken, eels, and vegetables. The list includes only those importers who can prove they meet the importing country's standards. A separate "blacklist" identifies repeat offenders that fail to meet these standards. AQSIQ and staffdel discussed the possibility of operating a two-list system, although the United States currently only accepts a "blacklist," not a positive list. The two sides also discussed the notion of an "exporter fast-track" system that would adjust testing frequency to past performance, the possibility of increasing inspection rates/audits, and having China-based U.S. inspectors. These methods could potentially help close loopholes in China's system.

LOOPHOLES ARE HARD TO PIN DOWN

17. (SBU) When discussing the weaknesses of the Chinese export certification system, officials were hard-pressed to answer basic questions about loopholes that were exposed when melamine-contaminated plant proteins and farm-raised fish with illegal chemical residues were exported to the United States. (Note: FDA site investigations in the melamine incident (Refs. C, D) and discussions with AQSIQ revealed that manufacturers can classify their export products as "industrial," exempting them from AQIQ food quality export checks; in other words the plant proteins in that case were not required to be certified by AQSIQ because they were not initially classified as food products. End Note.) With regard to fraud prevention, officials did not describe AQSIQ's recent measures requiring melamine-free certification and inspection in addition to export certification for all plant proteins. Officials were unable to explain effectively how fishery products repeatedly passed quality tests and slipped into the export market with levels of residual chemicals not allowed by the United States, especially in light of China's policy to apply the same level of scrutiny and

standards regardless of whether the importing country accepts the Chinese certification. (Note: The United States does not accept Chinese certification.)

OTHER AGENCIES BLAME AQSIQ
AND STEER CLEAR OF SUBSTANCE

18. (SBU) Discussions with Ministry of Agriculture (MOA), Ministry of Health (MOH), and State Food and Drug Administration (SFDA), left the delegation frustrated that the Chinese side did not have any new ideas to present. Chinese counterparts seemed to avoid any opportunity for questions and exchange of ideas on how to improve their food safety procedures. MOA Market and Information Department Director Mr. Zhang Yanqiu led a round table discussion with specialists from four MOA departments. Zhang repeated many of AQSIQ's facts about export quality and described provincial-municipal coordination of primary food safety monitoring and supervision. He noted the

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important role played by regional and local authorities in coordinating adherence to the four types of quality standards pertinent to food/feed producers: national, local, industry, and enterprise. When asked about reports of wide-scale use of melamine as an additive to plant proteins in China, Zhang said that extensive MOA tests have only shown isolated cases. Each ministry representative deflected thorny export quality questions by pointing a finger at AQSIQ.

JAPAN'S IMPORT SYSTEM AS A MODEL?

19. (SBU) Staffdel met American Chamber of Commerce members August 22 at Beijing's Committee on Food and Agriculture. The AmCham group acknowledged a lack of regulatory enforcement in the standard AQSIQ export certification regime. Two members noted that their firms require employees to duplicate surveillance and testing to ensure that export product quality meets the demands of their customers. Success in quality, another member said, is something that requires constant attention. Member companies also focused their comments on AQSIQ's changes to suit strict Japanese import requirements. Some of these measures include a restricted number of eligible exporters, systems audits, and supplemental testing by both the Japanese and Chinese government agencies responsible for those food products. It was noted during the official meetings that the additional measures that China currently takes for exports to Japan could potentially be applied to exports to the United States (e.g., limiting the number of approved suppliers would make inspection and adherence to quality standards easier to verify).

COMMENT: TRUST BUT VERIFY

110. (SBU) The Staffdel was reassured about the strengths of many aspects of China's export inspection system, but left wanting additional reassurances that loopholes allowing repeated exports of contaminated fish can be eliminated. An electronic export certification system has clear benefits for AQSIQ's role in China's massive export market, with a large decentralized system of 35 CIQs in addition to 31 mainland local/city Technical Supervision Bureaus (TSBs) that provide additional quality monitoring. One staffel member commented that, if Chinese regulatory officials do everything they say they do, and one puts aside problems like endemic corruption, then the Chinese system is qualitatively better than the U.S. system. (This would also assume that China's inspectors operate with the same degree of integrity, that random or scientific sampling occurs from every batch of exported food, and that samples are tested in laboratories staffed by dispassionate public

servants and are appropriately trained and capable to perform the required tests, so that their seal represents a true certification.) The missing link is China's assurance that their methods of analysis are verifiable and that their certification systems can be checked electronically to remove the fraudulent paper trails that seem to keep appearing. Staffdel members commented further that China's reaction to food safety problems has been "finger-in-the-dike." The government's tough talk on food safety has yet to catch up to all the exports landing in the United States. Importers are going to "get what they inspect -- not what they expect." There are few absolutes in China's

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existing export system, but flexibility to new approaches and verification of results could be the keys to improvement.

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